

19 January 1970

Project No. 51.5567

Economic and Military Reconstruction in North Vietnam  
During December 1969

Introduction

The pace of reconstruction of fixed military facilities and industrial plants and other economic developments in North Vietnam provide an indication of the regime's current policies towards support for the war in the South. This monthly report summarizes significant developments in economic and military reconstruction that might be relevant to an analysis of change in the North Vietnamese position.

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Military Developments

1. The North Vietnamese took additional steps recently to improve air defenses in the southern Panhandle, particularly along the North Vietnam-Laos border. [REDACTED] showed SA-2 missile launchers and guidance equipment at the Ban Karai SAM site about ten miles north of the Lao-North Vietnam border crossing on Route 137, a major border crossing for infiltrating men and supplies into Laos and South Vietnam. Later in December, equipment apparently was moved nearer the border and used to attack B-52's on a mission over Laos west of Ban Karai. Up to five missiles were fired but no damage was inflicted. [REDACTED] indicates the North Vietnamese are also setting up an SA-2 site just east of the Mu Gia Pass, a second major Laos-North Vietnam border crossing. [REDACTED]

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2. The apparent changes in deployment [REDACTED] in the Panhandle may be only the further expansion of air defense capabilities that has been observed since the bombing halt, or it may be specifically to counter night reconnaissance missions by manned US aircraft over the region. A more likely possibility, however, is that the North Vietnamese are building up a more meaningful threat against US B-52's and other

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tactical aircraft striking logistics targets in Laos near the border. The success of such measures was indicated by the temporary suspension of B-52 strikes against targets in the high-threat area near the Ban Karai Pass following the SAM attack on 19 December. The North Vietnamese probably will take advantage of favorable opportunities to employ the SAM's and possibly even MIG's against US air operations both in Laos and North Vietnam if the risk to them seems low.

3. The runway of the Quan Lang airfield, which is on Route 7 near the Laotian border, appeared to be serviceable [REDACTED]

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[REDACTED] No flights to this base have been observed, however, [REDACTED]

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[REDACTED] A large cave with at least two openings is being excavated in a karst hill 750 yards south of the runway. Extensive grading, possibly for a taxiway, extends approximately 200 yards from the cave entrances towards the airfield, indicating that the cave might be used for a housing and maintenance facility for aircraft. No conventional support facilities, such as parking aprons or aircraft revetments, have been observed at the airfield.

#### Industrial Reconstruction

4. Little reconstruction was observed at major industrial facilities during the month, but [REDACTED] restoration work on several aspects of the electric power network [REDACTED]

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Of special note was the recently announced Soviet plan to construct a

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power transmission line connecting the hydroelectric powerplant under construction at Thac Ba with the industrial area at Thai Nguyen. Thac Ba is already linked to the existing power network by a transmission line to Hanoi, although the plant probably will not be operational for at least a year. The two transmission lines will be needed to transmit the full output from Thac Ba, and in addition a second line will add greatly to flexibility in the network. At the Uong Bi powerplant

[REDACTED]  
[REDACTED]  
[REDACTED] Thac Ba and Uong

Bi together will eventually have a generating capacity of at least 165,000 kilowatts -- nearly 90 percent of North Vietnam's pre-bombing capacity.

5. Further reconstruction on the power distribution network was indicated by a Soviet press announcement in early December reporting plans to build transformers for North Vietnam's major transformer substation at Dong Anh near Hanoi which was destroyed during the bombing. Substations at Nam Dinh and at Mong Duong near Cam Pha were also mentioned. Restoration of the distribution network would do much to ease shortages of electric power that are still being reported in urban areas.

6. Elsewhere in industry, [REDACTED]

[REDACTED] suggest a renewed effort by North Vietnam to export appetite in coming years. An expansion of the furnace area is in progress and a new mining area has been opened within the past year. [REDACTED]

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The 1970 State Plan

8. Recently released speeches gave a sketchy outline of North Vietnam's State Plan for 1970. Statements by Vice Premier Le Thanh Nghi indicated that this year's plan will remain basically unchanged from the 1969 State Plan, providing for economic development as long

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as the war effort is not affected. Although national defense was not specifically cited as the country's main goal, as in the 1969 Plan, the need to support the war effort is a recurring theme in Le Thanh Nghi's speeches. The most notable difference between the two plans is the reduced emphasis in the 1970 plan on expanding communication and transportation facilities. The fact that the new plan is an annual plan with no mention made of the direction that the economy will take after 1970, suggests that uncertainties of the war continue to preclude the development of a long range economic plan.

9. The main tasks of the 1970 plan are an increase in agricultural production, especially food and industrial crops suitable for processing and for export, and the increased production of consumer goods by local industry. Lower priority is to be given to heavy industry as well as to communications and transport. As a comparison, the 1969 Plan, which was formulated after the US bombing program had ceased, named national defense as its major goal, and communication and transportation systems were to be developed to assure a link between the rear base and the front line. In the production area the 1969 Plan gave highest priority to agriculture and consumer goods while a lower priority was assigned to the development and expansion of heavy industry.

[REDACTED]

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Conclusions

14. Developments in military construction during December were related primarily to improvements in the air defense system in the southern Panhandle. A surface-to-air missile unit was moved near the Laos border [REDACTED] and subsequently fired at US aircraft over Laos west of Ban Karai pass; a surface-to-air missile site was nearing completion near Mi Gia pass. [REDACTED]

[REDACTED]

[REDACTED] The runway of the Quan Lang airfield on Route 7 appears serviceable, but no aircraft have yet been noted using it.

15. Little new industrial activity was observed throughout the country, but [REDACTED] continuing work at the Thac Ba and Uong Bi electric powerplants. When completed, these two plants will have a capacity equal to nearly 90 percent of the country's total pre-bombing electric power capacity. [REDACTED]

[REDACTED]

A sketchy outline of North Vietnam's 1970 State Plan was revealed in speeches by Vice Premier Le Thanh Nghi; few changes from last year's plan were apparent. Increases in agricultural output and consumer goods by local industry were the main production tasks, but support of the war effort was a recurring theme throughout the speeches.



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